

## **Remarks**

Claims 1-75 are in the case. Claims 1-5, 13-35, 43-58 and 66-75 stand rejected. The grounds of rejection are traversed. Claims 6-12, 36-42 and 59-65 are objected to as depending from a rejected base claim.

### **Rejections under 35 USC §102(b)**

Independent claims 1, 22 and 52 have been rejected under 35 USC 102(b) as being anticipated by Von Kohorn. For the reasons set forth below, applicant is of the view that the invention disclosed in Von Kohorn differs significantly from the inventions of claims 1, 22 and 52. Applicant is under the belief that the differences are not readily apparent due to the length and complexity of Von Kohorn and of applicant's specification, as well as the abstract nature of the technologies, but that the differences become very distinct upon further review.

As the Examiner is aware, anticipation under 35 USC 102(b) requires the presence in a single prior art reference disclosure of each and every element of the claimed invention, arranged as in the claim. *Lindermann Maschinenfabrick GMBH v. American Hoist and Derrick Co.*, 221 USPQ 481, 485 (Fed. Cir. 1984); MPEP § 2131. The prior art reference must be such that a person of ordinary skill in the field of the invention would consider there to be no difference between the claimed invention and the reference disclosure. *Scripps Clinic & Research Foundation v. Genentech, Inc.*, 927 F.2d 1565, 18 USPQ.2d 1001, 1010 (Fed. Cir. 1991). The prior art reference must put the claimed invention in the hand of one skilled in the art. *In re Donohue*, 766 F.2d 531, 533, 226 USPQ 619, 621 (Fed. Cir. 1985).

For the following reasons, applicant respectfully suggests that Von Kohorn does not include every element of claims 1, 22, and 52 and does not put applicant's invention in the hands of one skilled in the art.

The fundamental difference between Von Kohorn and applicant's invention is that Von Kohorn does not disclose the use of multiple Open-Close-Terminate ("OCT") betting sequences in a pari-mutual betting game. Von Kohorn merely takes the conventional concept of a pari-mutual betting game and combines it with a system for allowing a plurality of players to place bets on the race from multiple remote locations. (See Von Kohorn, Col. 91-96). Von Kohorn makes only vague reference to off-track betting on horse races, and fails to suggest any unique mechanism for the parimutual betting steps. *Id.* Von Kohorn mentions providing players with race odds, but does not explain how this would be accomplished, nor does Von Kohorn indicate that the odds would be updated to take into account bets placed from the various remote locations. (See Von Kohorn, Col. 93:1-21). Thus, the only difference between Von Kohorn and conventional parimutuel betting is that Von Kohorn provides a system for allowing players to place bets from remote locations.

Conventional prior art pari-mutuel betting games, such as Von Kohorn, employ a single OCT sequence within a given sporting event: a single betting line opens (at which point bets are booked); the betting line closes (before the race begins, so that bets cannot be placed during the race); and the betting line terminates (at which point the winners are paid in parimutual style). Claims 1, 22 and 52 claim a completely different form of pari-mutual betting that employs conducting a plurality of betting events within a sports event, as well as multiple betting lines within each betting event. The sequences of the betting events have the following novel form

$$O(1) < C(1) = O(2) < C(2) = O(3) < C(3) \dots < C(n-1) = O(n) < T,$$

which is referred to as a "cycle." Applicant's disclosure of cycles in the OCT sequencing is a new concept. Playing Von Kohorn's game ten times is not the same as an OCT cycle that opens and

closes ten times. Additionally, with applicant's invention, betting lines for different betting events (e.g., DRIVE, QUARTER SCORE, WINNER, etc.) can be and preferably are open at any given time.

The distinctions can be discussed in less abstract terms by looking at applicant's discussion of a DRIVE betting event during a football game. As discussed in applicant's specification, in a DRIVE betting event during a football game, a new betting line opens whenever the driving team gets a new set of downs, and possibly at other times as well. Each time a new line opens, the previous line closes, so  $C(i) = O(i+1)$ . The last line in each cycle terminates before it has a chance to close. This triggers all the lines that opened during that drive (all the lines in that cycle) to pay off simultaneously. Applicant's invention uses numerous cycles of each betting event (with a different number of betting lines in each cycle) in each game, e.g., there could be 20 or 30 DRIVE cycles in a typical football game. Each DRIVE cycle typically consists of several (one to ten) OC pairs. On the other hand, the WINNER event (see figure 8E) consists of only 1 cycle, which terminates at the end of the game. Although the WINNER event is only one cycle, the WINNER event will typically have a dozen or more OC pairs in its cycle. There are numerous OCT rounds going on simultaneously, i.e., one for each betting event. A new line can be opened whenever the odds on the final outcome of the betting event suddenly change, or for other reasons. This allows players to change their minds as events unfold in the game, but rewards players who guess correctly early in a cycle.

Von Kohorn is essentially the same as the prior art game QB1, which applicant discussed in the background section of applicant's specification. Applicant described the prior art game of Burton Simon et al.  
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QB1 as being an example of a game that uses multiple OCT, OCT, OCT sequences. Applicant contrasted this with OC,OC,...,OC,T; OC,OC,...,OC,T;..... sequences for applicant's pari-mutual betting game, where, in addition to a plurality of OCT sequences, the embedded OC, OC,...OC cycles are of varying and unpredictable length. The structure of Von Kohorn's game is like QB1, not the invention of claims 1, 22 and 52. The purpose of the novel OCT sequencing of the present invention is to keep the payoff odds synchronized with the game on the field - which is impossible with conventional pari-mutuel wagering.

The Examiner cites Von Kohorn col. 10:35-67 and 12:1-67 as disclosing applicant's claimed plurality of OCT sequences, i.e. conducting a plurality of betting events, the betting events based on a bettable event occurring during the sporting event, selecting a betting event, opening a betting line for the betting event, allowing players an amount of time within which to selectively bet tokens on the possible outcomes of the betting event and freezing tokens bet on the open line such that the frozen tokens are not available for further betting until a payoff has been made. Applicant has reviewed Von Kohorn col. 10:35-67 and 12:1-67 and respectfully suggests that neither these nor any other sections of Von Kohorn can be interpreted as disclosing the foregoing features. The various features of Von Kohorn certainly are not arranged in the manner claimed in independent claims 1, 22 and 52. Von Kohorn Col. 10:35-67 discusses television and radio broadcast techniques for transmitting instructional signals along with a broadcast. Von Kohorn Col. 12:1-67 provides a list of definitions of functionalities of the Von Kohorn system. Even if these various functionalities could somehow be interpreted as disclosing all of the elements of applicant's OCT sequences (which applicant denies), Von Kohorn does not tie these functionalities into the format of applicant's plurality of OCT sequences. (See Von

Kohorn Col. 91-96). In sum, Von Kohorn simply does not disclose conducting a plurality of betting events having OCT sequences with parimutual odds and payoffs, as claimed in applicant's claims 1, 22, and 52. Accordingly, applicant suggests that Von Kohorn cannot be interpreted as putting the claimed invention in the hand of one skilled in the art, and therefore that a *prima facie* case of anticipation has not been established.

Additionally, based on applicant's review of Von Kohorn, Von Kohorn does not disclose at least the following elements of applicants claims 1, 22 and 52:

- “allocating betting tokens to each of the players **prior** to commencement of said sporting event.” Von Kohorn discloses allocating “tokens” to winners **after** the termination of the betting event. See Col. 11:55-64. These are not the same type of electronic tokens that are described in applicant's specification, and they are not allocated prior to commencement of the sporting event.
- “players are in direct competition because payoffs are parimutuel style.” Each player of the Von Kohorn system is simply competing against the system, because his or her winnings do not come from other players' pockets. Von Kohorn players cannot exploit each other's betting choices. The only exception is Von Kohorn's vague reference to off-track betting. As discussed above, however, Von Kohorn is referring to conventional pari-mutual betting, not the multiple OCT type disclosed in applicant's specification.
- Claims 22 and 52 include computer components that are not found in Von Kohorn.

Because Von Kohorn does not disclose each and every element of the claimed invention, and also does not disclose elements arranged as in the claims, it is respectfully submitted that a *prima facie* case of anticipation under 35 USC 102(b) has not been established as to independent claim 1, 22, 52.

Further, applicant contends that Von Kohorn is non-enabling for betting games having a plurality of OCT sequences. Applicant is of the view that his invention cannot be played using the late 1980s television and radio broadcast signal and television cable technology that serves as

the backbone of the Von Kohorn system. A prior art reference under 35 USC 102(b) must be enabling, thus placing the allegedly disclosed matter in the possession of the public. *Akzo N.V. v. U.S. Int'l Trade Comm'n*, 808 F.2d 1471, 1 USPQ.2d 1241, 1245 (Fed. Cir. 1986). There must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention. *Scripps Clinic & Research Foundation v. Genentech, Inc.*, 927 F.2d 1565, 18 USPQ.2d 1001, 1010 (Fed. Cir. 1991). An anticipating reference must describe the patented subject matter with sufficient clarity and detail to establish that the subject matter existed and that its existence was recognized by persons of ordinary skill in the field of the invention. *ATD Corp. v. Lydall, Inc.*, 159 F.3d 534, 48 USPQ.2d 1321, 1328 (Fed. Cir. 1998). Von Kohorn's backbone has many deficiencies that prevent the system from being used in the manner of applicant's invention, including but not limited to: (1) inability to customize screen displays for each player; (2) inability to receive continual data inputs from players; (3) inability to process complicated and unique data input from each player (e.g. selection of one out of several open betting lines, amounts of each bet, placing additional bets on the same or a different outcome of a given betting line); (4) inability to process player input from a multitude of player processors in order to calculate current pari-mutual odds on a given betting line; (5) inability to calculate and administer pari-mutual payouts instantaneously upon the termination of a betting line. The old architecture of the Von Kohorn system simply cannot provide these functionalities. Such features can be obtained only by employing modern networking and processing technologies. Von Kohorn is therefore non-enabling and does not qualify as a § 102(b) anticipatory reference.

Applicant also notes that claims involving the assignment of bonuses at the opening of a betting line have been rejected as anticipated (claims 2, 19, 22-24, 28, 32, 49, 55, and 72). The use of bonuses is not mentioned in Von Kohorn. As discussed in applicant's specification, betting line bonuses alter the dynamics of applicant's invention by encouraging players to bet early, before a betting line closes. Bonuses are unnecessary in conventional parimutual betting games, such as the type discussed in Von Kohorn, because conventional betting lines close before the commencement of the sporting event and no additional lines open. Accordingly, Von Kohorn neither discloses nor enables betting line bonuses.

#### **Objections to the Claims Regarding Dependency**

Claims 6-12, 36-42, and 59-65 have been objected to as being dependent upon a rejected base claim, but the Examiner has indicated that these claims would be allowable if rewritten in independent form to include all of the limitations of the base claim and any intervening claims. In view of applicant's position concerning Von Kohorn (above), applicant respectfully requests leave to hold in abeyance the amendments to incorporate the limitations of the base and intervening claims into claims 6-12, 36-42 and 59-65.

## **Conclusion**

For the foregoing reasons, applicant suggests claims 1-75 are now in a condition for allowance, and respectfully requests same. If any fees or credits are due, the Commissioner is authorized to charge or deposit them to Deposit Account No. 50-0694.

Respectfully submitted,



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